

Message Text

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11

ACTION NEA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AF-10 EUR-25 OMB-01 EB-11 TRSE-00 IO-14 DRC-01

AID-20 /172 W

----- 103139

R 150940Z JAN 74

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 1185

INFO AMCONSUL JERUSALEM

UNCLAS TEL AVIV 0252

E.O. 11652: N/A

TAGS: EFIN, IS

SUBJ: ISRAELI CABINET APPROVES SUPPLEMENTARY BUDGET

1. PRESS REPORTS CABINET ON JANUARY 14 APPROVED SECOND SUPPLEMENTARY BUDGET FOR PRESENT FISCAL YEAR 1973/74 ENDING MARCH 31, 1974. BUDGET WILL NOT BE PUBLISHED UNTIL IT IS TABLED AFTER NEW KNESSET MEETS NEXT WEEK. ESTIMATES OF SIZE CLUSTER AROUND IL 11 BILLION (\$2.6 BILLION), WHICH HAS TO BE ADDED TO PRESENT AUTHORIZED BUDGET OF IL 21 BILLION (\$5 BILLION). DURING WAR (OCT 16) KNESSET HAD APPROVED FIRST SUPPLEMENTARY MINIBUDGET OF IL 1 BILLION; THIS WAS MINIMAL RESPONSE TO SITUATION, TAKEN BEFORE SCOPE OF PROBLEM WAS CLEAR.

2. REPORTEDLY NO FURTHER TAXES WILL BE IMPOSED IN THIS SUPPLEMENTARY BUDGET, SINCE USG AID, ISRAEL BONDS SOLD, COMPULSORY AND VOLUNTARY WAR LOANS, INDIRECT TAX INCREASES IMPOSED EARLY NOVEMBER, SUBSIDIES REDUCED OR CANCELLED, AND SOCIAL EXPENDITURES TRANSFERRED TO JEWISH AGENCY BUDGET, WILL SUFFICE TO PROVIDE REVENUES NEEDED. SEPTTEL FOLLOWS ON NEW INCREASES IN PETROLEUM PRICES.

3. WHILE SUPPLEMENTARY BUDGETS HAVE BECOME NORMAL FOR ISRAEL, SIZE OF THIS SUPPLEMENTARY IS UNPRECEDENTED, AND FINANCE
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MINISTER SAPIR REPORTEDLY EMPHASIZED THIS POINT.

4. NEW BUDGET WILL OBVIOUSLY HAVE EFFECT ON ECONOMY, BUT
PENDING PUBLICATION OF DETAILS OF DOMESTIC AND FOREIGN
EXPENDITURE COMMENTS WOULD BE PREMATURE.
KEATING

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, CABINET, BUDGET DEFICITS, SUPPLEMENTAL BUDGET
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TELAV00252
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740139/aaaablgj.tel
Line Count: 66
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: smithrj
Review Comment: n/a
Review Content Flags:
Review Date: 02 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 OCT 2002 by martinml>; APPROVED <20-Nov-2002 by smithrj>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ISRAELI CABINET APPROVES SUPPLEMENTARY BUDGET
TAGS: EFIN, IS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005